

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2006**

	August-06				July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation Actual	Policy	Month Net ROR	Market Value	Allocation Actual	Policy	Month Net ROR	Fiscal YTD Net ROR	FY06 Net ROR	Ended 6/30/2006 Net	Ended 6/30/2006 Net
LARGE CAP DOMESTIC EQUITY												
<i>Structured Growth</i>												
LA Capital	71,777,419	4.3%	4.5%	2.14%	70,304,743	4.3%	4.5%	-3.49%	-1.42%	11.88%	N/A	N/A
Total Structured Growth	71,777,419	4.3%	4.5%	2.14%	70,304,743	4.3%	4.5%	-3.49%	-1.42%	11.88%	12.99%	0.19%
Russell 1000 Growth				3.12%				-1.90%	1.16%	6.12%	8.34%	-0.77%
<i>Structured Value</i>												
LSV	77,075,615	4.6%	4.5%	0.85%	76,480,012	4.7%	4.5%	1.80%	2.66%	15.93%	21.06%	12.29%
Russell 1000 Value				1.67%				2.43%	4.14%	12.10%	15.70%	6.89%
<i>Enhanced Russell 1000 Index</i>												
LA Capital	93,363,313	5.6%	5.7%	1.73%	91,813,327	5.6%	5.7%	-1.13%	0.58%	12.49%	12.73%	3.75%
Russell 1000				2.40%				0.22%	2.62%	9.08%	12.05%	3.12%
<i>Enhanced S&P 500 Index</i>												
Northern Trust	96,979,798	5.8%	5.7%	2.52%	94,583,477	5.8%	5.7%	0.84%	3.39%	9.33%	11.32%	2.81%
Westridge	100,965,997	6.1%	4.5%	2.41%	98,633,430	6.0%	4.5%	0.65%	3.07%	8.80%	11.46%	2.80%
Wells Capital	47,776,361	2.9%	3.0%	0.49%	47,078,655	2.9%	3.0%	-1.02%	-0.53%	N/A	N/A	N/A
Total Enhanced S&P 500 Index	245,722,155	14.8%	13.2%	2.08%	240,295,562	14.7%	13.2%	0.40%	2.48%	8.58%	11.40%	2.76%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
<i>S&P 500 Index</i>												
State Street	32,081,600	1.9%	2.1%	2.07%	31,432,364	1.9%	2.1%	0.86%	2.94%	9.62%	11.55%	2.70%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
TOTAL LARGE CAP DOMESTIC EQUITY	520,020,102	31.3%	30.0%	1.84%	510,326,008	31.2%	30.0%	-0.20%	1.63%	10.93%	13.21%	3.86%
S&P 500				2.38%				0.62%	3.01%	8.63%	11.22%	2.49%
SMALL CAP DOMESTIC EQUITY												
<i>Manager-of-Managers</i>												
SEI	111,818,521	6.7%	7.2%	2.34%	109,349,004	6.7%	7.2%	-3.55%	-1.30%	13.56%	18.31%	8.00%
Russell 2000 + 200bp				3.13%				-3.09%	-0.06%	16.86%	21.06%	10.71%
Callan	43,460,730	2.6%	2.8%	2.42%	42,433,236	2.6%	2.8%	-4.14%	-1.82%	N/A	N/A	N/A
Russell 2000				2.96%				-3.25%	-0.39%			
TOTAL SMALL CAP DOMESTIC EQUITY	155,279,251	9.3%	10.0%	2.34%	151,782,240	9.3%	10.0%	-3.55%	-1.30%	13.40%	18.25%	7.97%
Russell 2000				2.96%				-3.25%	-0.39%	14.58%	18.70%	8.50%
INTERNATIONAL EQUITY												
<i>Large Cap - Core</i>												
State Street	17,016,093	1.0%	1.0%	2.71%	16,560,869	1.0%	1.0%	1.07%	3.81%	27.85%	20.61%	6.87%
MSCI EAFE (1)				2.75%				0.99%	3.77%	26.56%	20.76%	5.94%
<i>Large Cap - Active</i>												
Capital Guardian	50,602,194	3.0%	3.0%	3.46%	48,924,325	3.0%	3.0%	0.82%	4.31%	28.01%	21.32%	6.58%
LSV	49,242,665	3.0%	3.0%	2.94%	47,887,731	2.9%	3.0%	1.14%	4.11%	27.77%	N/A	N/A
Bank of Ireland	16,894,247	1.0%	1.0%	4.37%	16,207,764	1.0%	1.0%	0.46%	4.85%	22.00%	19.16%	N/A
Total Large Cap - Active	116,739,106	7.0%	7.0%	3.37%	113,019,820	6.9%	7.0%	0.90%	4.30%	27.11%	21.84%	7.14%
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
<i>Small Cap - Active</i>												
Lazard	16,054,542	1.0%	1.0%	3.15%	15,611,024	1.0%	1.0%	-2.15%	0.92%	25.04%	29.34%	N/A
Wellington	16,071,131	1.0%	1.0%	2.33%	15,734,621	1.0%	1.0%	0.23%	2.57%	23.35%	25.26%	N/A
Total Small Cap - Active	32,125,673	1.9%	2.0%	2.74%	31,345,645	1.9%	2.0%	-0.97%	1.74%	24.18%	27.28%	N/A
Citigroup Broad Market Index < \$2BN				2.90%				-2.00%	0.84%	29.21%	32.38%	N/A
TOTAL INTERNATIONAL EQUITY	165,880,872	10.0%	10.0%	3.18%	160,926,334	9.8%	10.0%	0.55%	3.74%	26.61%	22.77%	8.74%
MSCI EAFE - 50% Hedged				2.93%				0.98%	3.94%	26.72%	22.56%	6.89%
EMERGING MARKETS EQUITY												
<i>Core</i>												
JP Morgan	15,538,005	0.9%	0.9%	3.63%	15,048,065	0.9%	0.9%	1.75%	5.45%	N/A	N/A	N/A
PanAgora	13,337,306	0.8%	0.0%	2.26%	13,037,011	0.8%	0.0%	2.17%	4.48%	N/A	N/A	N/A
WestLB	13,545,576	0.8%	0.0%	1.37%	13,382,589	0.8%	0.0%	1.42%	2.82%	N/A	N/A	N/A
UBS	24,048,876	1.4%	1.5%	2.30%	23,492,040	1.4%	1.5%	1.71%	4.05%	N/A	N/A	N/A
Total Core	66,469,762	4.0%	4.9%	2.41%	64,959,705	4.0%	4.9%	1.76%	4.22%	35.59%	32.44%	18.61%
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	22.39%	12.89%
<i>Small Cap</i>												
DFA	14,598,793	0.9%	1.0%	3.39%	14,108,642	0.9%	1.0%	2.22%	5.69%	N/A	N/A	N/A
MSCI Emerging Markets				2.60%				1.50%	4.13%			
TOTAL EMERGING MARKETS EQUITY	81,068,555	4.9%	5.0%	2.59%	79,068,347	4.8%	5.0%	1.84%	4.48%	34.40%	32.05%	18.40%
MSCI Emerging Markets				2.60%				1.50%	4.13%	35.91%	34.76%	21.54%
DOMESTIC FIXED INCOME												
<i>Core Bond</i>												
Western Asset	45,709,281	2.7%	2.9%	1.73%	44,907,666	2.7%	2.9%	1.56%	3.32%	-1.15%	2.65%	5.96%
Lehman Aggregate				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
<i>Index</i>												
Bank of ND	89,911,925	5.4%	6.0%	1.54%	88,552,794	5.4%	6.0%	1.25%	2.80%	-1.37%	1.53%	5.24%
Total Index	89,911,925	5.4%	6.0%	1.54%	88,552,794	5.4%	6.0%	1.25%	2.80%	-0.69%	2.10%	5.27%
Lehman Gov/Credit				1.58%				1.30%	2.90%	-1.52%	1.60%	5.13%
<i>Convertibles</i>												
TCW	41,991,349	2.5%	2.9%	1.83%	41,165,486	2.5%	2.9%	-0.54%	1.29%	4.54%	6.78%	1.15%
Merrill Lynch All Convertibles				1.35%				0.23%	1.58%	9.37%	8.01%	4.94%

**ND PUBLIC EMPLOYEES RETIREMENT SYSTEM
INVESTMENT PERFORMANCE REPORT AS OF AUGUST 31, 2006**

	August-06				July-06				Current	Prior Year	3 Years	5 Years
	Market Value	Allocation	Month	Net ROR	Market Value	Allocation	Month	Net ROR	Fiscal YTD	FY06	Ended	Ended
		Actual	Policy			Actual	Policy		Net ROR	Net ROR	6/30/2006	6/30/2006
											Net	Net
BBB Average Quality												
Wells Capital	44,959,381	2.7%	2.9%	1.95%	44,104,360	2.7%	2.9%	1.52%	3.50%	-2.70%	3.36%	5.51%
<i>Lehman BBB</i>				2.02%				1.58%	3.63%	-2.37%	2.39%	6.10%
Private Debt												
Prudential	45,675,035	2.7%	2.9%	1.47%	45,003,495	2.7%	2.9%	1.39%	2.89%	-0.13%	N/A	N/A
<i>Lehman Aggregate</i>				1.53%				1.35%	2.90%	-0.81%	N/A	N/A
Timberland												
RMK	34,859,510	2.1%	2.1%	-0.06%	34,859,510	2.1%	2.1%	-0.06%	-0.12%	-1.44%	7.62%	N/A
TIR	73,024,705	4.4%	4.4%	-0.04%	73,038,179	4.5%	4.5%	-0.03%	-0.07%	13.53%	N/A	N/A
Total Timberland	107,884,215	6.5%	6.5%	-0.09%	107,897,690	6.6%	6.6%	-0.04%	-0.09%	9.43%	20.37%	N/A
<i>NCREIF Timberland Index</i>				1.15%				1.15%	2.31%	19.69%	13.94%	N/A
TOTAL DOMESTIC FIXED INCOME	376,131,185	22.6%	24.0%	1.17%	371,631,491	22.7%	24.0%	0.73%	1.91%	3.12%	8.91%	8.14%
<i>Lehman Aggregate</i>				1.53%				1.35%	2.90%	-0.81%	2.05%	4.97%
HIGH YIELD BONDS												
Core												
Loomis Sayles	41,174,674	2.5%	2.5%	1.89%	40,491,123	2.5%	2.5%	1.52%	3.44%	4.74%	N/A	N/A
Sutter/Wells Capital	40,838,804	2.5%	2.5%	1.12%	40,578,119	2.5%	2.5%	0.92%	2.05%	4.70%	N/A	N/A
Total Core	82,013,478	4.9%	5.0%	1.50%	81,069,242	5.0%	5.0%	1.22%	2.74%	4.72%	5.70%	3.38%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.48%				0.86%	2.35%	4.38%	N/A	N/A
Mezzanine Debt												
Goldman Sachs	396,567	0.0%	0.0%	0.00%	396,567	0.0%	0.0%	0.00%	0.00%	N/A	N/A	N/A
TOTAL HIGH YIELD BONDS	82,410,045	5.0%	5.0%	1.50%	81,465,809	5.0%	5.0%	1.21%	2.73%	4.72%	8.34%	7.47%
<i>LB High Yield 2% Issuer Contstrained Index</i>				1.48%				0.86%	2.35%	4.38%	8.48%	8.60%
INTERNATIONAL FIXED INCOME												
International Sovereign												
UBS Global (Brinson)	41,784,038	2.5%	2.5%	0.05%	41,752,012	2.6%	2.5%	0.43%	0.48%	0.13%	5.24%	9.99%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				0.79%				0.69%	1.49%	-0.11%	5.01%	9.58%
International Core												
Brandywine	42,668,302	2.6%	2.5%	0.70%	42,406,569	2.6%	2.5%	1.52%	2.24%	3.89%	8.39%	N/A
<i>Lehman Global Aggregate (ex-US)</i>				0.92%				0.77%	1.70%	3.83%	5.69%	N/A
TOTAL INTERNATIONAL FIXED INCOME	84,452,340	5.1%	5.0%	0.38%	84,158,581	5.1%	5.0%	0.98%	1.36%	2.01%	6.82%	10.91%
<i>Citigroup Non-US Gov't Bond Index (2)</i>				0.79%				0.69%	1.49%	0.00%	5.05%	9.60%
REAL ESTATE												
INVESTCO	45,613,366			0.00%	46,204,470			0.00%	0.00%	23.84%	17.33%	12.38%
J.P. Morgan Strategic & Special Funds	46,581,935			1.59%	45,852,911			1.31%	2.92%	21.05%	17.14%	12.52%
J.P. Morgan Alternative Property Fund	10,348,395			0.00%	10,348,395			0.00%	0.00%	N/A	N/A	N/A
TOTAL REAL ESTATE	102,543,696	6.2%	5.0%	0.71%	102,405,776	6.3%	5.0%	0.59%	1.31%	22.09%	17.09%	12.36%
<i>NCREIF TOTAL INDEX</i>				1.32%				1.32%	2.66%	18.22%	15.63%	12.19%
ALTERNATIVE INVESTMENTS												
Brinson IVCF II	60,623			0.00%	60,623			0.00%	0.00%	22.67%	13.90%	-0.56%
Coral Partners II	100,201			0.00%	100,201			0.00%	0.00%	3.74%	6.19%	-9.24%
Coral Partners V	4,827,690			0.00%	4,826,992			0.00%	0.00%	8.74%	-15.32%	-24.06%
Coral Partners V - Supplemental	438,367			0.00%	438,304			0.00%	0.00%	10.53%	10.33%	N/A
Coral Partners VI	6,799,437			0.00%	6,798,454			0.00%	0.00%	-6.22%	-10.14%	N/A
Brinson 1998 Partnership Fund	1,295,378			0.00%	1,295,191			0.00%	0.00%	16.52%	15.11%	1.97%
Brinson 1999 Partnership Fund	2,313,651			0.00%	2,313,317			0.00%	0.00%	14.27%	12.72%	-1.26%
Brinson 2000 Partnership Fund	5,543,060			0.00%	6,842,555			0.00%	0.00%	28.22%	17.90%	3.70%
Brinson 2001 Partnership Fund	3,879,820			0.00%	3,879,259			0.00%	0.00%	19.85%	9.95%	3.22%
Brinson 2002 Partnership Fund	2,333,784			0.00%	2,613,775			0.00%	0.00%	32.42%	13.22%	N/A
Brinson 2003 Partnership Fund	633,371			0.00%	633,279			0.00%	0.00%	25.48%	6.77%	N/A
Brinson 1999 Non-US Partnership Fund	946,904			0.00%	1,183,766			0.00%	0.00%	40.48%	30.98%	18.60%
Brinson 2000 Non-US Partnership Fund	1,657,239			0.00%	1,338,717			0.00%	0.00%	35.03%	21.65%	13.01%
Brinson 2001 Non-US Partnership Fund	2,084,998			0.00%	1,943,395			0.00%	0.00%	27.25%	17.46%	8.96%
Brinson 2002 Non-US Partnership Fund	2,800,896			0.00%	2,703,214			0.00%	0.00%	38.11%	22.66%	N/A
Brinson 2003 Non-US Partnership Fund	2,278,105			0.00%	1,554,333			0.00%	0.00%	31.08%	8.89%	N/A
Brinson 2004 Non-US Partnership Fund	672,240			0.00%	677,360			0.00%	0.00%	24.56%	N/A	N/A
Brinson BVCF IV	9,400,307			0.00%	8,603,126			0.00%	0.00%	31.35%	19.07%	0.41%
Matlin Patterson Global Opportunities	6,500,099			0.00%	6,879,135			0.00%	0.00%	-11.68%	26.48%	N/A
Matlin Patterson Global Opportunities II	11,955,288			0.00%	11,868,998			0.00%	0.00%	-0.85%	N/A	N/A
InvestAmerica	2,074,450			0.00%	2,074,150			0.00%	0.00%	0.00%	-9.20%	N/A
Hearthstone MSII	370,285			0.00%	0			0.00%	0.00%	-100.00%	-100.00%	-100.00%
Hearthstone MSIII	1,878,699			0.00%	1,878,428			0.00%	0.00%	59.61%	N/A	N/A
TOTAL ALTERNATIVE INVESTMENTS (3)	70,844,892	4.3%	5.0%	0.00%	70,506,573	4.3%	5.0%	0.00%	0.00%	11.08%	10.37%	-2.92%
CASH EQUIVALENTS												
Northern Trust STIF/STEP	24,269,669	1.5%	1.0%	0.46%	24,515,292	1.5%	1.0%	0.30%	0.76%	4.31%	2.64%	2.41%
<i>90 Day T-Bill</i>				0.44%				0.42%	0.87%	4.00%	2.37%	2.25%
TOTAL FUND	1,662,900,609	100.0%	100.0%	1.64%	1,636,786,452	100.0%	100.0%	0.06%	1.70%	12.00%	14.23%	7.93%
POLICY TARGET BENCHMARK				1.98%				0.50%	2.50%	10.07%	11.75%	6.64%

NOTE: Monthly returns and market values are preliminary and subject to change.

(1) This benchmark was changed to the MSCI EAFE (unhedged) as of December 1, 2004.

(2) Previously this benchmark was titled Salomon Brothers Non-US Gov't Bond Index.

(3) Because of the variation in fee calculations in Alternative Investments, only net returns will be shown until June of each year when actual costs are known.